

Town of Eckley, Colorado

Financial Statements

For the Year ended December 31, 2019

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Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Eckley
Eckley, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eckley (the Town) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, historical pension and other post-employment benefit plan information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 29, 2020

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MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Eckley, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2019.

FINANCIAL HIGHLIGHTS

- The Town of Eckley remains in good financial condition.
- The assets of the Town of Eckley exceeded its liabilities at the close of 2019 by \$1,998,245 (net position). Of this amount \$167,821 or 8% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental programs were more than the expenditures by \$52,070.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Eckley's basic financial statements. The Town of Eckley's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the Town of Eckley's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Eckley is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Eckley's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities.** Most of the Town's basic services are included here, such as the police, fire, public works, parks, recreation, and general administration. Property tax, franchise tax, severance tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities.** The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water and sewer systems are included here.

The government-wide financial statements can be found starting on page 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, Town Council has established other funds to help control and manage money for particular purposes (Community Center Fund) or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Eckley can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Eckley, assets exceed liabilities by \$1,998,245 at the close of 2019.

Net Position

Combined net position of the Town of Eckley as of December 31, 2019 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 128,969	\$ 102,622	\$ 200,876	\$ 166,623	\$ 329,845	\$ 269,245
Capital assets	98,856	114,213	1,768,799	1,783,621	1,867,655	1,897,834
Total assets	227,825	216,835	1,969,675	1,950,244	2,197,500	2,167,079
Deferred outflows of resources	18,040	27,541	9,419	6,441	27,459	33,982
Total assets and deferred outflows of resources	\$ 245,865	\$ 244,376	\$ 1,979,094	\$ 1,956,685	\$ 2,224,959	\$ 2,201,061
Long-term debt outstanding	\$ 65,291	\$ 60,628	\$ 85,692	\$ 87,603	\$ 150,983	\$ 148,231
Other liabilities	5,372	4,970	26,011	33,831	31,386	38,801
Total liabilities	70,663	65,598	111,703	121,434	182,366	187,032
Deferred inflows of resources	43,429	57,194	919	10,660	44,348	67,854
Net position						
Net investment in capital assets	98,856	114,213	1,717,999	1,719,921	1,816,855	1,834,134
Restricted	13,569	12,376	-	11,109	13,569	23,485
Unrestricted	19,348	(5,005)	148,473	93,561	167,821	88,556
Total net position	131,773	121,584	1,866,472	1,824,591	1,998,245	1,946,175
Total liabilities, deferred inflows of resources and net position	\$ 245,865	\$ 244,376	\$ 1,979,094	\$ 1,956,685	\$ 2,224,959	\$ 2,201,061

The largest portion of the Town of 0 net position, 91%, reflects its investment in capital assets (land, buildings and equipment). The Town of Eckley uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Eckley's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 8%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2019, the Town of Eckley is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in net position

The Town's total revenue of \$342,997 was more than program expenses of \$290,927 for an increase in net position of \$52,070.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	\$ 26,886	\$ 28,429	\$ 146,115	\$ 128,785	\$ 173,001	\$ 157,181
Operating grants and contributions	40,789	41,529	8,774	-	49,563	41,529
Capital grants and contributions	-	-	62,940	101,965	62,940	101,965
General revenues						
Property taxes	23,389	22,777	-	-	23,389	22,777
Franchise taxes	6,758	6,471	-	-	6,758	6,471
Severance taxes	972	540	-	-	972	540
Other taxes	2,876	2,647	-	-	2,876	2,647
Mineral lease	489	452	-	-	489	452
Unrestricted interest	352	708	300	263	652	971
Sale of assets	-	-	-	-	-	-
Miscellaneous	12,207	2,597	10,150	4,453	22,357	7,050
Transfers	11,109	-	(11,109)	-	-	-
Total revenues	125,827	106,150	217,170	235,433	342,997	341,583
Program expenses						
General government	27,394	32,089	-	-	27,394	32,089
Public safety	21,575	14,204	-	-	21,575	14,204
Public works	39,696	46,676	-	-	39,696	46,676
Culture and recreation	26,973	28,729	-	-	26,973	28,729
Interest and fiscal charges	-	-	-	-	-	-
Water services	-	-	121,456	114,064	121,456	114,064
Sewer services	-	-	53,833	53,794	53,833	53,794
Total expenses	115,638	121,698	175,289	167,858	290,927	289,556
Change in net position	10,189	(15,548)	41,881	67,575	52,070	52,027
Net position at beginning of year	121,584	137,132	1,824,591	1,757,016	1,946,175	1,894,148
Net position at end of year	\$ 131,773	\$ 121,584	\$ 1,866,472	\$ 1,824,591	\$ 1,998,245	\$ 1,946,175

Governmental Activities

Revenue for the Town's governmental activities totaled \$125,827 for 2019. Tax revenue produced 27% of these revenues. Tax revenue includes property taxes, severance taxes, franchise taxes and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2019	2018	2019	2018
General government	\$ 27,394	\$ 32,089	\$ 26,652	\$ 30,994
Public safety	21,575	14,204	21,575	14,204
Public works	39,696	46,676	(5,772)	(1,672)
Culture and recreation	26,973	28,729	5,508	8,214

Table 3, above, presents the cost and revenue of each of the Town’s four largest programs – general government, public safety, public works, and culture recreation – as well as each program’s *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

Business-type Activities

Net position in business-type activities increased by \$41,881 in 2019. Business-type activities include water and sewer services.

**Table 4
BUSINESS-TYPE ACTIVITIES**

	<u>Total cost of services</u>		<u>Net cost of services</u>	
	2019	2018	2019	2018
Water	\$ 121,456	\$ 114,064	\$ 25,713	\$ 48,856
Sewer	53,833	53,794	(68,253)	(117,715)

Table 4, above, presents the cost and revenue of each of the Town’s business-type activities – water and sewer – as well as each program’s *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

THE TOWN’S FUNDS

As the Town completed the year, its governmental funds (as presented on pages 16 -19) reported a combined fund balance of \$96,042. The general, community center and conservation trust funds reported fund balance increases of \$13,801, \$6,162 and \$2,193, respectively.

GENERAL FUND BUDGET HIGHLIGHTS

Over the course of the year, the Town Council did not revise the Town budget.

The actual charges to appropriations (expenditures) were \$18,823 below the final budget amounts.

Additionally, resources available for appropriation (revenues) were \$20,168 more than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Eckley’s investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$1,867,655 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water and wastewater lines, storm drainage and other infrastructure.

Major asset purchases during 2019 included engineering related to the waste water treatment plant.

The Town remains committed to the upkeep and maintenance of the Town’s largest assets. More detailed information about the Town’s capital assets is presented in Table 5 and Note E to the financial statements.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2019
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,150	\$ 3,150	\$ 51,711	\$ 51,711	\$ 54,861	\$ 54,861
Construction in progress	-	-	381,509	321,910	381,509	321,910
Buildings	59,192	62,826	-	-	59,192	62,826
Equipment	36,514	48,237	-	-	36,514	48,237
Water and sewer systems	-	-	1,335,579	1,410,000	1,335,579	1,410,000
Total	\$ 98,856	\$ 114,213	\$ 1,768,799	\$ 1,783,621	\$ 1,867,655	\$ 1,897,834

Long-term debt. The Town had \$150,983 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Note payable	\$ -	\$ -	\$ 42,500	\$ 47,500	\$ 42,500	\$ 47,500
Bonds payable	-	-	8,300	16,200	8,300	16,200
Net pension liability	63,642	58,414	32,191	21,916	95,833	80,330
Net OPEB liability	1,649	2,214	2,701	1,987	4,350	4,201
Total	\$ 65,291	\$ 60,628	\$ 85,692	\$ 87,603	\$ 150,983	\$ 148,231

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Eckley is in a good financial position. The Town has finished the update of the water system. In 2019 the Town started the procedure to bring the sewer system in compliance with state and federal regulations. The Town has applied for USDA loan/grant assistance for this project and has been approved. The Town will also raise sewer rates to help with expenses. The remaining funds' revenues and expenditures should be consistent with prior years. At this time the Town does not anticipate any major projects in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Eckley, 235 NW Morton, P.O. Box 217, Eckley, Colorado 80727.

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Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF ECKLEY, COLORADO
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 68,670	\$ 130,807	\$ 199,477
Cash with county treasurer	1,149		1,149
Certificates of deposit	57,300	13,520	70,820
Investments	258	140	398
Internal balances	(36,497)	36,497	-
Receivables	38,064	19,912	57,976
Prepaid items	25		25
Capital assets, net of depreciation	98,856	1,768,799	1,867,655
Total assets	227,825	1,969,675	2,197,500
Deferred outflows of resources			
Pension and other post-employment benefit deferrals	18,040	9,419	27,459
Total assets and deferred outflows of resources	\$ 245,865	\$ 1,979,094	\$ 2,224,959
Liabilities			
Accounts payable	\$ 5,267	\$ 8,778	\$ 14,045
Accrued interest payable		346	346
Unearned revenues	105	16,887	16,992
Noncurrent liabilities			
Due within one year		13,300	13,300
Due in more than one year	65,291	72,392	137,683
Total liabilities	70,663	111,703	182,366
Deferred inflows of resources			
Deferred property tax revenues	27,555		27,555
Pension and other post-employment benefit deferrals	15,874	919	16,793
Total deferred inflows of resources	43,429	919	44,348
Net position			
Net investment in capital assets	98,856	1,717,999	1,816,855
Restricted for emergencies	7,100		7,100
Restricted for culture and recreation	6,469		6,469
Unrestricted	19,348	148,473	167,821
Total net position	131,773	1,866,472	1,998,245
Total liabilities, deferred inflows of resources and net position	\$ 245,865	\$ 1,979,094	\$ 2,224,959

The accompanying notes are an integral part of these financial statements.

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TOWN OF ECKLEY, COLORADO
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 27,394	\$ 742		
Public safety	21,575			
Public works	39,696	22,114	\$ 23,354	
Culture and recreation	26,973	4,030	17,435	
Total governmental activities	115,638	26,886	40,789	\$ -
Business-type activities				
Water services	121,456	86,969	8,774	
Sewer services	53,833	59,146		62,940
Total business-type activities	175,289	146,115	8,774	62,940
Total	\$ 290,927	\$ 173,001	\$ 49,563	\$ 62,940
General revenues and transfers				
Taxes				
Property taxes, levied for general purposes				
Franchise taxes				
Severance taxes				
Other taxes				
Mineral lease				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general revenues				
Change in net position				
Net position at beginning of year				
Net position at end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (26,652)		\$ (26,652)
(21,575)		(21,575)
5,772		5,772
(5,508)		(5,508)
(47,963)	\$ -	(47,963)
	(25,713)	(25,713)
	68,253	68,253
-	42,540	42,540
(47,963)	42,540	(5,423)
23,389		23,389
6,758		6,758
972		972
2,876		2,876
489		489
352	300	652
12,207	10,150	22,357
11,109	(11,109)	-
58,152	(659)	57,493
10,189	41,881	52,070
121,584	1,824,591	1,946,175
<u>\$ 131,773</u>	<u>\$ 1,866,472</u>	<u>\$ 1,998,245</u>

TOWN OF ECKLEY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Assets				
Cash	\$ 38,649	\$ 23,552	\$ 6,469	\$ 68,670
Cash with county treasurer	1,149			1,149
Certificates of deposit	57,300			57,300
Investments	258			258
Property taxes receivable	27,555			27,555
Accounts receivable	3,183	2,050		5,233
Taxes receivable	5,276			5,276
Deposits	25			25
Total assets	\$ 133,395	\$ 25,602	\$ 6,469	\$ 165,466
Liabilities				
Accounts payable	\$ 4,800	\$ 467		\$ 5,267
Due to other funds	36,497			36,497
Unearned revenues	105			105
Total liabilities	41,402	467	\$ -	41,869
Deferred inflows of resources				
Deferred property tax revenues	27,555			27,555
Total deferred inflows of resources	27,555	-	-	27,555
Fund balance				
Restricted for emergencies	7,100			7,100
Restricted for culture and recreation			6,469	6,469
Committed to culture and recreation		25,135		25,135
Unassigned	57,338			57,338
Total fund balance	64,438	25,135	6,469	96,042
Total liabilities, deferred inflows of resources and fund balance	\$ 133,395	\$ 25,602	\$ 6,469	\$ 165,466

The accompanying notes are an integral part of these financial statements.

TOWN OF ECKLEY, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 96,042
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	98,856
Net pension deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	2,166
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(65,291)</u>
Net position of governmental activities	<u><u>\$ 131,773</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Revenues				
Taxes	\$ 33,995			\$ 33,995
Licenses and permits	437			437
Intergovernmental	23,843		\$ 2,898	26,741
Fines and forfeitures	1,000			1,000
Charges for services	22,114	\$ 4,030		26,144
Miscellaneous	8,920	17,478	3	26,401
Total revenues	90,309	21,508	2,901	114,718
Expenditures				
Current				
General government	39,427			39,427
Public safety	12,016			12,016
Public works	33,759			33,759
Culture and recreation	2,415	15,346	708	18,469
Total expenditures	87,617	15,346	708	103,671
Excess of revenues over (under) expenditures	2,692	6,162	2,193	11,047
Other financing sources				
Transfers in	11,109			11,109
Net change in fund balance	13,801	6,162	2,193	22,156
Fund balance at beginning of year	50,637	18,973	4,276	73,886
Fund balance at end of year	<u>\$ 64,438</u>	<u>\$ 25,135</u>	<u>\$ 6,469</u>	<u>\$ 96,042</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ECKLEY, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balance - governmental funds \$ 22,156

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period. (15,357)

In the statement of activities, certain operating expenses are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 3,390

Change in net position of governmental activities \$ 10,189

The accompanying notes are an integral part of these financial statements.

TOWN OF ECKLEY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Assets			
Current assets			
Cash	\$ 97,058	\$ 33,749	\$ 130,807
Certificates of deposit		13,520	13,520
Investments	140		140
Due from other funds	96,640	31,999	128,639
Accounts receivable	6,601	8,088	14,689
Grants receivable		5,223	5,223
Total current assets	200,439	92,579	293,018
Capital assets, net of depreciation	1,187,667	581,132	1,768,799
Total assets	1,388,106	673,711	2,061,817
Deferred outflows of resources			
Pension and other post-employment benefit deferrals	6,455	2,964	9,419
Total deferred outflows of resources	6,455	2,964	9,419
Total assets and deferred outflows of resources	\$ 1,394,561	\$ 676,675	\$ 2,071,236

The accompanying notes are an integral part of these financial statements.

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Liabilities			
Current liabilities			
Accounts payable	\$ 2,311	\$ 6,467	\$ 8,778
Due to other funds		92,142	92,142
Accrued interest payable		346	346
Customer deposits	9,388	7,499	16,887
Current portion of long-term debt	5,000	8,300	13,300
Total current liabilities	16,699	114,754	131,453
Long-term liabilities			
Long-term debt	37,500		37,500
Net pension liability	23,016	9,175	32,191
Net other post-employment benefit liability	1,931	770	2,701
Total long-term liabilities	62,447	9,945	72,392
Total liabilities	79,146	124,699	203,845
Deferred inflows of resources			
Pension and other post-employment benefit deferrals	701	218	919
Total deferred inflows of resources	701	218	919
Net position			
Net investment in capital assets	1,145,167	572,832	1,717,999
Unrestricted (deficit)	169,547	(21,074)	148,473
Total net position	1,314,714	551,758	1,866,472
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,394,561</u>	<u>\$ 676,675</u>	<u>\$ 2,071,236</u>

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Operating revenues			
Charges for services	\$ 86,969	\$ 59,146	\$ 146,115
Operating expenses			
Salaries	12,000	4,800	16,800
Supplies	53	4,696	4,749
Repairs and maintenance	4,895	13,540	18,435
Insurance	3,583	3,315	6,898
Utilities	6,234	2,040	8,274
Audit and legal	3,334	11,235	14,569
Contract services	5,212		5,212
Water testing	3,038		3,038
Pension expense		1,110	1,110
Miscellaneous	3,468	1,843	5,311
Engineering	12,093		12,093
Depreciation	67,546	10,773	78,319
Total operating expenses	121,456	53,352	174,808
Operating income (loss)	(34,487)	5,794	(28,693)
Nonoperating revenues (expenses)			
Interest on investments	83	217	300
Grant revenue	8,774	62,940	71,714
Miscellaneous revenue	7,241	69	7,310
Pension revenue	2,840		2,840
Interest expense		(481)	(481)
Total nonoperating revenues (expenses)	18,938	62,745	81,683
Net income (loss) before transfers	(15,549)	68,539	52,990
Transfers out		(11,109)	(11,109)
Change in net position	(15,549)	57,430	41,881
Net position at beginning of year	1,330,263	494,328	1,824,591
Net position at end of year	\$ 1,314,714	\$ 551,758	\$ 1,866,472

The accompanying notes are an integral part of these financial statements.

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TOWN OF ECKLEY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 89,997	\$ 58,520	\$ 148,517
Internal activity - receipts from (payments to) other funds	(10,917)	(8,356)	(19,273)
Payments to suppliers	(44,305)	(44,989)	(89,294)
Payments to employees	(12,000)	(4,800)	(16,800)
Net cash provided by operating activities	22,775	375	23,150
Cash flows from noncapital financing activities			
Miscellaneous revenue	7,241	69	7,310
Pension revenue	2,840		2,840
Transfers		(11,109)	(11,109)
Net cash provided (used) by noncapital financing activities	10,081	(11,040)	(959)
Cash flows from capital and related financing activities			
Purchase of capital assets	(3,897)	(59,599)	(63,496)
Receipt of grant revenues	8,774	61,947	70,721
Principal paid on notes and bonds	(5,000)	(7,900)	(12,900)
Interest paid on notes and bonds		(810)	(810)
Net cash used by capital and related financing activities	(123)	(6,362)	(6,485)
Cash flows from investing activities			
Interest on investments	80	136	216
Redemption of certificate of deposit		11,109	11,109
Net cash provided by investing activities	80	11,245	11,325
Net increase (decrease) in cash	32,813	(5,782)	27,031
Cash at beginning of year	64,245	39,531	103,776
Cash at end of year	\$ 97,058	\$ 33,749	\$ 130,807

The accompanying notes are an integral part of these financial statements.

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (34,487)	\$ 5,794	\$ (28,693)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	67,546	10,773	78,319
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Due from other funds	(10,917)	(20,574)	(31,491)
Accounts receivable	2,835	(816)	2,019
Pension and other post-employment benefit deferrals	(9,226)	(3,493)	(12,719)
Accounts payable	445	(8,320)	(7,875)
Due to other funds		12,218	12,218
Customer deposits	193	190	383
Net pension liability	5,998	4,277	10,275
Net other post-employment benefit liability	388	326	714
Net cash provided by operating activities	<u>\$ 22,775</u>	<u>\$ 375</u>	<u>\$ 23,150</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Town of Eckley’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town’s accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The reporting entity’s financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has included the Eckley Community Center in its financial statements using blended presentation. The Eckley Community Center is governed by a volunteer committee and is included as part of the primary government because its sole purpose is to maintain and operate the community center building that is owned by the Town.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.” The Town does not have any fiduciary funds.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following are the Town’s major governmental funds:

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

Community Center Fund – This fund was established to provide for an accounting of those funds received through fundraising and donations for the Eckley Community Center. These funds are to be expended on the maintenance and operations of the Center.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town’s major proprietary funds:

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

The Town does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for water services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

A.10 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	50 years
Equipment	3-25 years	3-25 years
Improvements other than buildings	10-50 years	10-50 years
Infrastructure	50 years	n/a

A.11 – Compensated absences

It is the policy of the Town to provide their regular employees with greater economic security by granting reasonable personal absences from work due to actual illness or personal reasons. All regular employees of the Town who regularly work a scheduled sixteen hour week may be eligible for these allowances after their first day of employment. Part-time, temporary, and seasonal employees are not eligible. All allowances must be approved by the mayor and/or board of trustees. Full-time employees eligible for these allowances receive sixty hours per year and can be accumulated up to a maximum of 528 hours. Each employee working sixteen hours per week or more shall receive one full week of vacation upon completing one full year of employment with the Town. These allowances are payable at the employee’s standard rate of pay in effect at the time of usage. At year-end, the Town had no employees with unused vacation benefits.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.13 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

A.17 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits – Colorado State statutes govern the Town’s deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government’s name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of year-end, the Town had total deposits of \$271,418, which were insured in their entirety.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town’s own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

During the year, the Town invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2019, the Town had invested \$398 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the Town had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	\$ 398	\$ 398	\$ -	\$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The Town has no investment policy that would further limit its investment choices. At year-end, the Town’s investment in Colotrust was rated AAAM by Standard and Poor’s.

Note C – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 31,999
Water Fund	General Fund	4,498
Water Fund	Sewer Fund	92,142
Totals		\$ 128,639

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note C – Interfund transactions (Continued)

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Sewer Fund	<u>\$ 11,109</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The transferred \$11,109 from the Sewer Fund to the General Fund to help meet the operating needs of the Town.

Note D – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes	\$ 27,555	\$ -	\$ 27,555
Accounts	5,233	14,689	19,922
Taxes	5,276	-	5,276
Grants	<u>-</u>	<u>5,223</u>	<u>5,223</u>
Total	<u>\$ 38,064</u>	<u>\$ 19,912</u>	<u>\$ 57,976</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Yuma County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the Town in the subsequent month.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,150	\$ -	\$ -	\$ 3,150
Capital assets, being depreciated:				
Buildings	309,044	-	-	309,044
Equipment	<u>175,741</u>	<u>-</u>	<u>-</u>	<u>175,741</u>
Total capital assets, being depreciated	<u>484,785</u>	<u>-</u>	<u>-</u>	<u>484,785</u>
Total capital assets	487,935	-	-	487,935
Less accumulated depreciation for:				
Buildings	(246,218)	(3,634)	-	(249,852)
Equipment	<u>(127,504)</u>	<u>(11,723)</u>	<u>-</u>	<u>(139,227)</u>
Total accumulated depreciation	<u>(373,722)</u>	<u>(15,357)</u>	<u>-</u>	<u>(389,079)</u>
Governmental activities capital assets, net	<u>\$ 114,213</u>	<u>\$ (15,357)</u>	<u>\$ -</u>	<u>\$ 98,856</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 51,711	\$ -	\$ -	\$ 51,711
Construction in progress	<u>321,910</u>	<u>59,599</u>	<u>-</u>	<u>381,509</u>
Total capital assets, not being depreciated	373,621	59,599	-	433,220
Capital assets, being depreciated				
Water and sewer system	2,705,626	3,897	-	2,709,523
Equipment	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total capital assets, being depreciated	<u>2,709,626</u>	<u>3,897</u>	<u>-</u>	<u>2,713,523</u>
Total capital assets	3,083,247	63,496	-	3,146,743

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Water and sewer system	(1,295,625)	(78,319)	-	(1,373,944)
Equipment	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
Total accumulated depreciation	<u>(1,299,625)</u>	<u>(78,319)</u>	<u>-</u>	<u>(1,377,944)</u>
Business-type activities capital assets, net	<u>\$ 1,783,622</u>	<u>\$ (14,823)</u>	<u>\$ -</u>	<u>\$ 1,768,799</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities

General government	\$ 916
Public works	5,937
Culture and recreation	<u>8,504</u>
Total governmental activities	15,357

Business-type activities

Water	67,546
Sewer	<u>10,773</u>
Total business-type activities	<u>78,319</u>
Total depreciation expense	<u>\$ 93,676</u>

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Net pension liability	\$ 58,414	\$ 5,228	\$ -	\$ 63,642	\$ -
Net OPEB liability	<u>2,214</u>	<u>-</u>	<u>(565)</u>	<u>1,649</u>	<u>-</u>
Totals	<u>\$ 60,628</u>	<u>\$ 5,228</u>	<u>\$ (565)</u>	<u>\$ 65,291</u>	<u>\$ -</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note F – Long-term debt

The net pension and OPEB liabilities attributable to the governmental activities will be liquidated by the General Fund.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type activities					
Notes from direct borrowings	\$ 47,500	\$ -	\$ (5,000)	\$ 42,500	\$ 5,000
Bonds payable	16,200	-	(7,900)	8,300	8,300
Net pension liability	21,916	10,275	-	32,191	-
Net OPEB liability	<u>1,987</u>	<u>714</u>	<u>-</u>	<u>2,701</u>	<u>-</u>
Total	<u>\$ 87,603</u>	<u>\$ 10,989</u>	<u>\$ (12,900)</u>	<u>\$ 85,692</u>	<u>\$ 13,300</u>

Long-term debt at year-end consists of the following individual issues:

0.0% Drinking Water Revolving Fund Disadvantaged Communities Loan Program due in semi-annual installments of \$2,500, through 2028. \$ 42,500

\$128,000 general obligation sewer revenue bonds dated April 11, 1980, due in annual installments ranging from \$4,000 to \$8,300 through 2020, bearing interest at 5.0%. Principal and interest payments are due annually on March 1st beginning in 1981. 8,300

Total \$ 50,800

Notes payable

The Town entered into a \$100,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated July 30, 2008, due in semi-annual installments of \$2,500 through 2028. The agreement provides for the disbursement of funds at the Town's request to facilitate improvements to the Town's water system.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The loan agreement contains various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operations and maintenance expenses totaled \$28,500, which the Town has funded with unobligated fund balances. The Town must establish, impose and collect, rents, rates and other charges for the products and services provided by the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operations and maintenance expenses of the system, to pay 110% of debt service coming due in such calendar year. The net operating revenues of the Water Fund were 1,040% of the current year’s debt service.

The Town’s outstanding note from direct borrowings related to business-type activities of \$42,500 is secured with collateral from the net revenue from operations and use of the system as defined in the loan agreement. The outstanding note contains a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to take any action permitted or required pursuant to the loan agreement and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Town hereunder, including, without limitation, to obtain ex parte the appointment of a receiver of the system.

The following schedule represents the Town’s debt service requirements to maturity for the outstanding long-term debt related to its business-type activities at year-end:

<u>Year Ending December 31,</u>	<u>Bonds Payable</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 8,300	\$ 415	\$ 5,000	\$ -
2021	-	-	5,000	-
2022	-	-	5,000	-
2023	-	-	5,000	-
2024	-	-	5,000	-
2025-2028	-	-	<u>17,500</u>	-
Totals	<u>\$ 8,300</u>	<u>\$ 415</u>	<u>\$ 42,500</u>	<u>\$ -</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note G – Segment Information

The Town maintains two enterprise funds that provide water and sewer services. Segment information for the year is as follows:

	Water Fund	Sewer Fund	Total
Operating revenue	\$ 86,969	\$ 59,146	\$ 146,115
Depreciation	67,546	10,773	78,319
Operating income (loss)	(34,487)	5,794	(28,693)
Change in net position	(15,549)	57,430	41,881
Net working capital	183,740	(22,175)	161,565
Total assets	1,388,106	673,711	2,061,817
Bonds and other long-term liabilities payable from operating revenues	42,500	8,300	50,800
Total net position	1,314,714	551,758	1,866,472

Note H – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased workman’s compensation insurance through the Colorado Compensation Insurance Association to provide protection against losses from employees while on the job. The Town has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, and general liability claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The Town makes an annual contribution to CIRSA for its insurance coverage. For the year, the Town’s financial contribution to CIRSA was \$12,334. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans

PERA – Local Government Division Trust Fund

Summary of significant accounting policies

Pensions. The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

General information about the pension plan

Plan description. Eligible employees of the Town are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified by C.R.S. Section 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions as of December 31, 2019. Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period January 1, 2019 through December 31, 2019. The employer contribution requirements during the period January 1, 2019 through December 31, 2019 are summarized in the table below:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

	January 1, 2019 Through <u>December 31, 2019</u>
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the LGDTF	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>1.50%</u>
Total employer contribution to the LGDTF	<u>12.68%</u>

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$3,422 for the year ended December 31, 2019.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the Town reported a liability of \$51,837 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

At December 31, 2018, the Town’s proportion was 0.0041 percent, which was a decrease of 0.0001 percent from its proportion measured as of December 31, 2017.

For the year, the Town recognized pension income of \$13,303. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,170	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	7,818	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,160
Contributions subsequent to the measurement date	<u>3,422</u>	<u>-</u>
Total	<u>\$ 13,410</u>	<u>\$ 1,160</u>

\$3,422 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ 3,970
2021	828
2022	345
2023	<u>3,685</u>
Totals	<u>\$ 8,828</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018.

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Healthy, post-retirement assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ <u>79,299</u>	\$ <u>51,837</u>	\$ <u>28,861</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

Changes between the measurement date of the net pension liability and December 31, 2019.

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees’ Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

Eckley Volunteer Fire Department Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Eckley Volunteer Fire Department Pension Fund and additions to/deductions from Eckley Volunteer Fire Department Pension Fund’s net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan administration. The Town’s defined benefit pension plan for volunteers provides retirement and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member’s Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at www.fppaco.org.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Management of the Eckley Volunteer Fire Department Pension Fund is vested in the local Pension Board, which consists of the Town Mayor, Clerk, two persons appointed by the governing body of the Town, and three representatives of the local fire department serving the Town.

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>22</u>
Total	<u>34</u>

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$26 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a lump-sum burial benefit of \$100 upon the death of an active or retired firefighter, as well as a monthly survivor benefit (currently \$13 per month). The plan does not provide for disability benefits.

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2019 included \$1,000 from the State of Colorado matching funds and \$2,800 from the Town.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019 the Town reported a net pension liability of \$43,996. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2019, the Town recognized pension expense (income) of \$12,359. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,155
Changes of assumptions or other inputs	10,381	13,796
Net difference between projected and actual earnings on pension plan investments	521	-
Contributions subsequent to the measurement date	<u>2,800</u>	<u>-</u>
Total	<u>\$ 13,702</u>	<u>\$ 14,951</u>

\$2,800 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,___</u>	<u>Amount</u>
2020	\$ 735
2021	(3,989)
2022	(1,055)
2023	<u>260</u>
Totals	<u>\$ (4,049)</u>

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	20 years*
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	50% per year of eligibility until 100% at age 65

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Mortality

Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of a regularly scheduled experience study in 2018. The primary changes were:

- Reduced the inflation assumption from 7.5 percent to 7.0 percent.
- Revised the mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018, are summarized in the following table.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.00%	2.52%
Fixed Income	15.00%	2.90%
Managed Futures	4.00%	5.35%
Absolute Return	9.00%	5.08%
Equity/Long Short	9.00%	6.45%
Global Equity	37.00%	8.03%
Private Markets	<u>24.00%</u>	10.00%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Changes in the net pension liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at beginning of year	\$ 52,406	\$ 18,410	\$ 33,996
Changes for the year			
Service cost	789	-	789
Interest on total pension liability	3,834	-	3,834
Benefit changes	-	-	-
Difference between expected and actual experience	(1,285)	-	(1,285)
Changes of assumptions	2,356	-	2,356
Contributions – employer	-	3,800	(3,800)
Contributions – state of colorado	-	-	-
Net investment income	-	53	(53)
Benefit and refund payments	(3,406)	(3,406)	-
Administrative expenses	-	(8,159)	8,159
Net changes	<u>2,288</u>	<u>(7,712)</u>	<u>10,000</u>
Balances at end of year	<u>\$ 54,694</u>	<u>\$ 10,698</u>	<u>\$ 43,996</u>

Sensitivity of the Town's net pension liability/ (asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the Town's net pension liability/(asset) calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.0%)
Net pension liability (asset)	<u>\$ 50,689</u>	<u>\$ 43,996</u>	<u>\$ 38,470</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Eckley Volunteer Fire Department Pension Fund financial report.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of significant accounting policies

OPEB. The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the OPEB plan

Plan description. Eligible employees of the Town are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and member’s years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

C.R.S. Section 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were \$275 for the year ended.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At year-end, the Town reported a liability of \$4,350 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Town's proportion was 0.0003 percent, which was the same as its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$24. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 17	\$ 7
Changes of assumptions or other inputs	31	-
Net difference between projected and actual earnings on OPEB plan investments	24	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	675
Contributions subsequent to the measurement date	<u>275</u>	<u>-</u>
Total	<u>\$ 347</u>	<u>\$ 682</u>

\$347 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2020	\$ (153)
2021	(153)
2022	(153)
2023	(135)
2024	<u>(16)</u>
Totals	<u>\$ (610)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

<u>Medicare Plan</u>	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<u>Medicare Plan</u>	Cost for Members Without Medicare Part A
Self-funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as show below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
 Total	 <u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Town’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net OPEB Liability	\$ 4,230	\$ 4,350	\$ 4,488

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Town’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 4,868	\$ 4,350	\$ 3,908

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the OPEB plan

The Town did not report any payables to the OPEB plan at year-end.

Note K – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. On November 4, 1997, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. The Town has reserved funds in the General Fund in the amount of \$7,100 for the emergency reserve.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the Town's Proportionate Share of the Net Pension Liability – PERA's Local Government Division Trust Fund
- Schedule of Town Contributions – PERA's Local Government Division Trust Fund
- Schedule of the Town's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of Town Contributions – PERA's Health Care Trust Fund
- Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios – Eckley Volunteer Fire Department Pension Fund
- Schedule of Town Contributions – Eckley Volunteer Fire Department Pension Fund
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Community Center Fund
- Budgetary Comparison Schedule – Conservation Trust Fund

TOWN OF ECKLEY, COLORADO
Schedule of the Town's Proportionate Share of the Net Pension Liability ¹
PERA's Local Government Division Trust Fund
December 31, 2019

	2019	2018	2017	2016
Town's proportion of the net pension liability	0.0041%	0.0042%	0.0052%	0.0067%
Town's proportionate share of the net pension liability	\$ 51,837	\$ 46,334	\$ 69,739	\$ 73,720
Town's covered payroll	\$ 27,042	\$ 26,252	\$ 31,304	\$ 38,007
Town's proportionate share of the net pension liability as a percentage of its covered payroll	191.69%	176.50%	222.78%	193.96%
Plan fiduciary net position as a percentage of the total pension liability	75.96%	79.37%	73.60%	76.90%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

<u>2015</u>	<u>2014</u>
0.0060%	0.0054%
\$ 53,613	\$ 44,631
\$ 32,776	\$ 28,935
163.57%	154.25%
80.70%	77.66%

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
PERA's Local Government Division Trust Fund
December 31, 2019

	2019	2018	2017	2016
Contractually required contribution	\$ 3,422	\$ 3,429	\$ 3,329	\$ 3,969
Contributions in relation to the contractually required contribution	<u>(3,422)</u>	<u>(3,429)</u>	<u>(3,329)</u>	<u>(3,969)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 26,988	\$ 27,042	\$ 26,252	\$ 31,304
Contributions as a percentage of covered payroll	12.68%	12.68%	12.68%	12.68%

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,819	\$ 4,156	\$ 3,669
<u>(4,819)</u>	<u>(4,156)</u>	<u>(3,669)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 38,007	\$ 32,776	\$ 28,935
12.68%	12.68%	12.68%

TOWN OF ECKLEY, COLORADO
Schedule of the Town's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Town's proportion of the net OPEB liability	0.0003%	0.0003%	0.0004%
Town's proportionate share of the net OPEB liability	\$ 4,350	\$ 4,201	\$ 5,138
Town's covered payroll	\$ 27,042	\$ 26,252	\$ 31,304
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.09%	16.00%	16.41%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
PERA's Health Care Trust Fund
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 275	\$ 276	\$ 268	\$ 319
Contributions in relation to the contractually required contribution	<u>(275)</u>	<u>(276)</u>	<u>(268)</u>	<u>(319)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 26,988	\$ 27,042	\$ 26,252	\$ 31,304
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO

**Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios ¹
Eckley Volunteer Fire Department Pension Fund
Last 10 Fiscal Years**

	2019	2018	2017	2016
Total pension liability				
Service cost	\$ 789	\$ 789	\$ 294	\$ 294
Interest on the total pension liability	3,834	3,111	3,633	3,575
Differences between expected and actual experience of the total pension liability	(1,285)	-	(579)	-
Changes of assumptions	2,356	(26,338)	28,284	-
Benefit payments	(3,406)	(3,490)	(3,120)	(3,094)
Net change in total pension liability	2,288	(25,928)	28,512	775
Total pension liability - beginning	52,406	78,334	49,822	49,047
Total pension liability - ending (a)	<u>\$ 54,694</u>	<u>\$ 52,406</u>	<u>\$ 78,334</u>	<u>\$ 49,822</u>
Plan fiduciary net position				
Contributions - employer	\$ 3,800	\$ 2,509	\$ -	\$ 2,209
Net investment income	53	2,750	1,157	434
Benefit payments	(3,406)	(3,490)	(3,120)	(3,094)
Pension plan administrative expenses	(8,159)	(5,712)	(312)	(1,183)
State of Colorado supplemental discretionary payment	-	-	1,000	1,000
Net change in plan fiduciary net position	(7,712)	(3,943)	(1,275)	(634)
Plan fiduciary net position - beginning	18,410	22,353	23,628	24,262
Plan fiduciary net position - ending (b)	<u>\$ 10,698</u>	<u>\$ 18,410</u>	<u>\$ 22,353</u>	<u>\$ 23,628</u>
Town's net pension liability/(asset) - ending (a) - (b)	<u>\$ 43,996</u>	<u>\$ 33,996</u>	<u>\$ 55,981</u>	<u>\$ 26,194</u>
Plan fiduciary net position as a percentage of the total pension liability	19.56%	35.13%	28.54%	47.42%
Covered payroll	N/A	N/A	N/A	N/A
Town's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

2015

\$ 315
3,639
(1,705)
-
(3,090)

(841)

49,888

\$ 49,047

\$ 2,209
1,448
(3,090)
(419)

1,000

1,148

23,114

\$ 24,262

\$ 24,785

49.47%

N/A

N/A

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
Eckley Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2019	\$ 3,800	\$ 3,800	\$ -	N/A	N/A
2018	3,800	3,800	-	N/A	N/A
2017	2,509	2,509	-	N/A	N/A
2016	2,509	1,000	1,509	N/A	N/A
2015	2,872	3,209	(337)	N/A	N/A
2014	2,872	3,209	(337)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 25,100	\$ 25,100	\$ 33,995	\$ 8,895
Licenses and permits	900	900	437	(463)
Intergovernmental	24,450	24,450	23,843	(607)
Fines and forfeitures			1,000	1,000
Charges for services	20,000	20,000	22,114	2,114
Miscellaneous	10,800	10,800	8,920	(1,880)
Total revenues	81,250	81,250	90,309	9,059
Expenditures				
Current				
General government	40,700	40,700	39,427	1,273
Public safety	14,000	14,000	12,016	1,984
Public works	49,000	49,000	33,759	15,241
Culture and recreation	2,740	2,740	2,415	325
Total expenditures	106,440	106,440	87,617	18,823
Excess of revenues over (under) expenditures	(25,190)	(25,190)	2,692	(9,764)
Other financing sources				
Transfers in			11,109	11,109
Net change in fund balance	\$ (25,190)	\$ (25,190)	13,801	\$ 38,991
Fund balance at beginning of year			50,637	
Fund balance at end of year			\$ 64,438	

TOWN OF ECKLEY, COLORADO
Community Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions	\$ 2,000	\$ 2,000		\$ (2,000)
Fundraising	13,500	13,500	\$ 14,537	1,037
Interest on investments	30	30	23	(7)
Gym rental	2,500	2,500	4,030	1,530
Miscellaneous	850	850	2,918	2,068
Total revenues	18,880	18,880	21,508	2,628
Expenditures				
Current				
Culture and recreation				
Advertising	450	450	378	72
Utilities	4,500	4,500	4,413	87
Repairs and maintenance	1,500	1,500	1,150	350
Fundraising	9,500	9,500	9,257	243
Supplies	304	304		304
Miscellaneous	600	600	148	452
Capital outlay	2,000	2,000		2,000
Total expenditures	18,854	18,854	15,346	3,508
Net change in fund balance	\$ 26	\$ 26	6,162	\$ 6,136
Fund balance at beginning of year			18,973	
Fund balance at end of year			\$ 25,135	

TOWN OF ECKLEY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 2,898	\$ 898
Interest on investments	10	10	3	(7)
Total revenues	2,010	2,010	2,901	891
Expenditures				
Current				
Culture and recreation	2,150	2,150	708	1,442
Net change in fund balance	\$ (140)	\$ (140)	2,193	\$ 2,333
Fund balance at beginning of year			4,276	
Fund balance at end of year			\$ 6,469	

TOWN OF ECKLEY, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are established for all funds of the Town, except for the pension trust funds, as required by its local charter. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before September 20th of each year, or in conformity with the general state law, the Town clerk submits to the Town council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, the Town manager shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the Town for the ensuing fiscal year.
- A public hearing on the budget shall be held by Town council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the Town council shall adopt the budget and the tax levy ordinance.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

TOWN OF ECKLEY, COLORADO
Notes to the Required Supplementary Information

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the Town's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Town Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedules – Proprietary Funds

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
Property taxes	\$ 23,000	\$ 23,000	\$ 23,389	\$ 389
Specific ownership taxes	600	600	2,792	2,192
Delinquent taxes and interest			84	84
Franchise taxes	1,000	1,000	6,758	5,758
Severance taxes	500	500	972	472
Total taxes	25,100	25,100	33,995	8,895
Licenses and permits	900	900	437	(463)
Intergovernmental				
Motor vehicle assessments	3,000	3,000	1,357	(1,643)
Road and bridge taxes	900	900	419	(481)
Cigarette taxes	50	50	101	51
Highway users tax	20,000	20,000	21,477	1,477
Mineral lease	500	500	489	(11)
Total intergovernmental	24,450	24,450	23,843	(607)
Fines and forfeitures			1,000	1,000
Charges for services	20,000	20,000	22,114	2,114
Miscellaneous				
Interest on investments	200	200	326	126
Court costs			305	305
Contributions	100	100		(100)
Miscellaneous	10,500	10,500	8,289	(2,211)
Total miscellaneous	10,800	10,800	8,920	(1,880)
Total revenues	\$ 81,250	\$ 81,250	\$ 90,309	\$ 9,059

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TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Salaries	\$ 10,000	\$ 10,000	\$ 7,096	\$ 2,904
Employee benefits	5,000	5,000	3,980	1,020
Supplies	1,000	1,000	1,141	(141)
Maintenance	500	500	969	(469)
Utilities	5,500	5,500	8,236	(2,736)
Travel	300	300	118	182
Insurance	5,500	5,500	6,898	(1,398)
Reporting and publishing	250	250	162	88
Audit and legal	8,500	8,500	2,860	5,640
Dues	1,700	1,700	289	1,411
County treasurer fees	700	700	812	(112)
Contract services	350	350	823	(473)
Miscellaneous	1,400	1,400	6,043	(4,643)
Total general government	40,700	40,700	39,427	1,273
Public safety				
Police				
Contract services	4,400	4,400	2,400	2,000
Legal	400	400	896	(496)
Total police	4,800	4,800	3,296	1,504
Fire				
Pension contribution	3,800	3,800	2,800	1,000
Repairs	1,500	1,500	1,485	15
Utilities	3,500	3,500	4,415	(915)
Miscellaneous	400	400	20	380
Total fire	9,200	9,200	8,720	480
Total public safety	14,000	14,000	12,016	1,984

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works				
Highways and streets				
Salaries	5,500	5,500	1,835	3,665
Utilities	3,500	3,500	6,416	(2,916)
Maintenance and supplies	4,000	4,000	768	3,232
Gas and oil	2,500	2,500	910	1,590
Vehicle	6,000	6,000		6,000
Contract labor	2,300	2,300	472	1,828
Total highways and streets	23,800	23,800	10,401	13,399
Sanitation				
Landfill costs	21,600	21,600	20,156	1,444
Trash removal	3,600	3,600	3,202	398
Total sanitation	25,200	25,200	23,358	1,842
Total public works	49,000	49,000	33,759	15,241
Culture and recreation				
Community center				
Telephone and utilities	800	800	547	253
Repairs and maintenance	400	400	74	326
Total community center	1,200	1,200	621	579
Parks				
Salaries	840	840	1,548	(708)
Maintenance and supplies	600	600	246	354
Miscellaneous	100	100		100
Total parks	1,540	1,540	1,794	(254)
Total culture and recreation	2,740	2,740	2,415	325
Total expenditures	\$ 106,440	\$ 106,440	\$ 87,617	\$ 18,823

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Budgetary Comparison Schedules – Proprietary Funds

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.
- Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

TOWN OF ECKLEY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 76,000	\$ 76,000	\$ 86,969	\$ 10,969
Operating expenses				
Salaries	12,000	12,000	12,000	-
Supplies	3,500	3,500	53	3,447
Repairs and maintenance	1,500	1,500	4,895	(3,395)
Insurance	4,500	4,500	3,583	917
Utilities	7,000	7,000	6,234	766
Audit and legal	1,500	1,500	3,334	(1,834)
Contract services	5,000	5,000	5,212	(212)
Water testing	4,000	4,000	3,038	962
Chlorinator	20,000	20,000		20,000
Miscellaneous	5,000	5,000	3,468	1,532
Pension expense	5,000	5,000		5,000
Depreciation	65,000	65,000	67,546	(2,546)
Engineering			12,093	(12,093)
Capital outlay	1,000	1,000	3,897	(2,897)
Appropriated reserves	40,000	40,000		40,000
Total operating expenses	175,000	175,000	125,353	49,647
Operating loss	(99,000)	(99,000)	(38,384)	60,616
Nonoperating revenues (expenses)				
Interest on investments	25	25	83	58
Miscellaneous	2,500	2,500	7,241	4,741
Pension income			2,840	2,840
Loan and grant revenues	81,660	81,660	8,774	(72,886)
Principal paid on debt	(5,000)	(5,000)	(5,000)	-
Total nonoperating revenues (expenses)	79,185	79,185	13,938	(65,247)
Change in net position	\$ (19,815)	\$ (19,815)	(24,446)	\$ (4,631)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add note principal			5,000	
Add capital outlay			3,897	
Change in net position - GAAP Basis			(15,549)	
Net position at beginning of year			1,330,263	
Net position at end of year			\$ 1,314,714	

TOWN OF ECKLEY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Operating revenues				
Charges for services	\$ 67,584	\$ 67,584	\$ 59,146	\$ (8,438)
Operating expenses				
Salaries	3,500	3,500	4,800	(1,300)
Supplies	3,500	3,500	4,696	(1,196)
Repairs and maintenance	13,000	13,000	13,540	(540)
Insurance	4,000	4,000	3,315	685
Utilities	3,000	3,000	2,040	960
Audit and legal	15,000	15,000	11,235	3,765
Pension expense	1,500	1,500	1,110	390
Right-of-way	4,000	4,000		4,000
Engineering fees	115,000	115,000	59,599	55,401
Miscellaneous	5,000	5,000	1,843	3,157
Depreciation	10,000	10,000	10,773	(773)
Capital outlay	1,118,340	1,118,340		1,118,340
Appropriated reserves	163,320	163,320		163,320
Total operating expenses	<u>1,459,160</u>	<u>1,459,160</u>	<u>112,951</u>	<u>1,346,209</u>
Operating loss	(1,391,576)	(1,391,576)	(53,805)	1,337,771
Nonoperating revenues (expenses)				
Interest on investments	200	200	217	17
Loan and grant revenues	1,200,000	1,200,000	62,940	(1,137,060)
Miscellaneous			69	69
Principal paid on debt	(7,200)	(7,200)	(7,900)	(700)
Interest paid on debt	(1,190)	(1,190)	(481)	709
Total nonoperating revenues (expenses)	<u>1,191,810</u>	<u>1,191,810</u>	<u>54,845</u>	<u>(1,136,965)</u>
Net income (loss) before transfers	(199,766)	(199,766)	1,040	200,806
Transfers out			(11,109)	(11,109)
Change in net position	<u>\$ (199,766)</u>	<u>\$ (199,766)</u>	<u>(10,069)</u>	<u>\$ 189,697</u>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add bond principal			7,900	
Add capital outlay			59,599	
Change in net position - GAAP Basis			57,430	
Net position at beginning of year			494,328	
Net position at end of year			\$ 551,758	

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**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Eckley
	YEAR ENDING : 2019
This Information From The Records Of (example - City of _ or County of _) Town of Eckley	Prepared By: Aileene Vance Phone: 970-359-2222

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	768
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	0	b. Snow and ice removal	0
3. Other local imposts (from page 2)	2,792	c. Other - street lighting	6,416
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	6,416
5. Transfers from toll facilities		4. General administration & miscellaneous	3,217
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	10,401
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,792	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	22,834	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	25,626	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	10,401

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	23,236	25,626	10,401	38,461	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
12/19

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,792	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,792	h. Other	
c. Total (a. + b.)	2,792	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	21,477	1. FHWA (from Item I-D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,357	d. Federal Transit Admin	
d. Other (Specify) - Faster bill		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,357	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	22,834	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: